

**STATE AGENCY ACTION REPORT**  
**ON APPLICATION FOR CERTIFICATE OF NEED**

**A. PROJECT IDENTIFICATION**

1. Applicant/CON Action Number

**St. Vincent's Medical Center, Inc./CON #9481**  
P.O. Box 2982  
Jacksonville, Florida 32203

Authorized Representative: Warren Chandler  
(904) 308-4030

2. Service District/Subdistrict/County

District 4

**B. PUBLIC HEARING**

No public hearing was held regarding the following proposed project, and no letters of support were submitted by the applicant.

**C. PROJECT SUMMARY**

St. Vincent's Medical Center, Inc. submits this application to establish a Neonatal Intensive Care Unit to be composed of 10 beds at the proposed new acute care hospital to be located at the present site of St. Luke's Hospital, 4201 Belfort Road, Jacksonville, Florida 32216. The application is contingent on the delicensure of an equal number of Neonatal Intensive Care Level II beds by St. Luke's Hospital Association d/b/a St. Luke's Hospital.

Three projects are related and contingent on each other in this batching cycle: two are submitted by St. Vincent's Medical Center, Inc. and one by St. Luke's Hospital Association. St. Vincent's Medical Center, Inc. submitted CON #9484 to create a new health care facility and this project, CON #9481 to establish a 10-bed NICU Level II program at the new hospital. In the third project, CON #9483, St. Luke's Hospital Association seeks to relocate 214 of its existing beds on Belfort Road, to the Mayo Clinic's site on San Pablo Boulevard. The existing St. Luke's Hospital has a total of 289 beds, of which 279 are acute care beds and 10 are neonatal intensive care Level II (NICU Level II) beds. The replacement hospital at San Pablo Boulevard will have 214 acute care beds; hence, St. Luke's Hospital Association has agreed to delicense 65 acute care beds and the 10 NICU Level II beds. (Refer to the project summary in CON #9483).

The applicant has agreed to the following conditions upon approval of this CON:

1. The specific site is Belfort Road, where the existing St. Luke's Hospital is located.
2. In the table below, the commitment on cases and days by payer appear for the new St. Luke's Hospital.

**NICU Level II Cases and Patient Days By Payer  
at the New St. Luke's Hospital  
First Two Years of Operations**

<b>Payer</b>	<b>Percent Admits</b>	<b>Year 1 Patient Days</b>	<b>Year 1 Admits</b>	<b>Year 2 Patient Days</b>	<b>Year 2 Admits</b>
Charity	2.74	47	6.8	47	6.9
Self Pay	0.00	0	0.0	0	0.0
Other	0.00	0	0.0	0	0.0
Medicaid	27.40	722	68.4	25	68.6
Commercial	0.9	21	2.3	21	2.3
Managed Care	68.95	1,623	172.1	1,629	172.7
<b>TOTAL</b>	<b>100.0</b>	<b>2,412</b>	<b>249.5</b>	<b>2,421</b>	<b>250.5</b>

Source: CON #9481

At the second year of operation, St. Vincent's Medical Center commits to 1.9 percent of total NICU Level II patient days to charity care and 29.9 percent of total NICU Level II patient days to Medicaid recipients.

3. The effectuation of an enforceable capital expenditure of 10 percent or more within 18 months of the issuance of the three linked CONs (9484/9483/9481).
4. An understanding that the building requirements associated with the establishment of a new hospital shall not be imposed by AHCA.

5. Commitment to simultaneous licensure of CON #9484 and CON #9483.

The applicant understands that a compliance report is due no later than April 1 for the prior calendar year, at which time the applicant shall report the status of conformity with the conditions.

The applicant also understands that a penalty may be imposed for failing to meet conditions associated with the award of a certificate of need.

The total project cost is estimated at \$110,865. There are no construction costs and the project will involve 912 gross square feet.

#### **D. REVIEW PROCEDURE**

The evaluation process is structured by the certificate of need review criteria found in Section 408.035, Florida Statutes. These criteria form the basis for the goals of the review process. The goals represent desirable outcomes to be attained by successful applicants who demonstrate an overall compliance with the criteria. Analysis of an applicant's capability to undertake the proposed project successfully is conducted by assessing the responses provided in the application, and independent information gathered by the reviewer.

Applications are analyzed to identify strengths and weaknesses in each proposal. If more than one application is submitted for the same type of project in the same district (subdistrict), applications are comparatively reviewed to determine which applicant best meets the review criteria.

Section 59C-1.010(2)(b), Florida Administrative Code, allows no application amendment information subsequent to the application being deemed complete. The burden of proof to entitlement of a certificate rests with the applicant. As such, the applicant is responsible for the representations in the application. This is attested to as part of the application in the Certification of the applicant.

As part of the fact-finding, the consultant, Cheryl Clark, analyzed the application in its entirety with consultation from the Financial Analyst, Doug Pierce, who evaluated the financial data, and the Architect, Joel Hill who evaluated the architectural and the schematic drawings.

**E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA**

The following indicate the level of conformity of the proposed project(s) with the criteria and application content requirements found in Florida Statutes, sections 408.035, and 408.037; applicable rules of the State of Florida, Chapters 59C-1 and 59C-2, Florida Administrative Code; and Local Health Plans.

**1. Fixed Need Pool**

**a. Does the project proposed respond to need as published by a fixed need pool? Ch. 59C-1.008 and Ch. 59C-1.042, Florida Administrative Code.**

In Volume 27, Number 30, dated July 27, 2001 on page 438 of the Florida Administrative Weekly, a fixed need pool of zero beds was published for Level II Neonatal Intensive Care Unit beds in District 4 for the July 2003 planning horizon. The applicant is proposing to establish a 10-bed Level II NICU through the delicense of 10 Level II NICU beds at St. Luke's Hospital. Thus, no new beds or services are sought for District 4.

According to the Florida Hospital Bed and Service Utilization by District for the July 2001 Batching Cycle, District 4 has 76 licensed Level II neonatal intensive care beds and 16 approved Level II beds, as of July 27, 2001. During Calendar Year 2000, there were 66 licensed Level II NICU beds in District 4, which experienced an occupancy rate of 64.29 percent during the period January – December 2000. However, an additional 10 beds were brought on line by St. Luke's in August of 2001, which is not included in the occupancy.

Of the 76 licensed NICU Level II beds, 53 are located in Duval County as are the 16 approved beds. When Shands Hospital Jacksonville brings the 16 beds into service, Duval County will have 69 of the 92 NICU Level II beds, or 75 percent of the district capacity.

In Duval County, the existing NICU Level II beds are located in the following hospitals: Baptist Hospital Jacksonville, 33 beds; St. Luke's Hospital, 10 beds; and St. Vincent's Medical Center, 10 beds. The NICU Level II approved beds will create a step-down unit for Shands Hospital Jacksonville, presently only a provider of NICU Level III services.

No new beds are requested, nor are beds requested that would increase the number of existing and approved beds. St. Luke's Hospital Association states, in CON #9383 that it does not intend to provide obstetrical services at this new location, assuming the CON is awarded. Since St. Vincent's Medical Center seeks to maintain a hospital at the present Belfort Road Campus, this proposal recaptures the 10 NICU Level II beds so that the existing obstetrical program will remain intact and available to the community currently serviced by St. Luke's Hospital.

According to the applicant, need for the NICU Level II service and the 10-bed unit were demonstrated when the program was awarded to St. Luke's Hospital Association. St. Luke's Hospital initiated the service in August 2001, and has continued to provide services since that time. Therefore, the applicant contends that the central issue in this proposal, (CON #9481), is whether or not this service should be continued under the assumption that St. Vincent's Medical Center will be awarded the right to operate a hospital at Belfort Road, (CON #9484).

The applicant proposes three major reasons that underlie this proposal. They are as follows:

1. The existing St. Luke's Hospital presently provides NICU Level II services in a 10-bed unit.
2. Because this tertiary service is presently provided, the existing St. Luke's Hospital has the physical plant and ancillary support spaces along with the equipment.
3. The existing St. Luke's Hospital presently provides obstetrical services and related care that support the NICU Level II unit.

St. Vincent's states that the three reasons above ensure that the proposed project CON #9484 for the new St. Luke's Hospital retains its mission of service to the community. As part of this mission, CON #9481 will continue NICU Level II services. Moreover, St. Vincent's Medical Center presently provides both obstetrical services and NICU Level II services at its existing hospital. The applicant wants to continue to provide a full range of maternity services at the new St. Luke's Hospital, including obstetrics and neonatal intensive care.

The applicant contends that without this St. Luke's Hospital Association will delicense the 10 NICU Level II beds. The proposal in CON #9483 develops a replacement facility that closes its staff to community physicians in order to provide a practice facility for physicians affiliated with the Mayo Clinic. Mayo Clinic physicians will continue the tradition of research and education, focusing upon tertiary and quaternary services.

Thus, the decision was made to discontinue obstetrical services. Without obstetrical services, the need for and use of an NICU Level II program would be markedly reduced. With limited beds in the 214-bed replacement facility, St. Luke's Hospital Association's priorities led to a decision to discontinue obstetrical and hence, NICU Level II care.

However, St. Luke's Hospital Association will continue to provide both obstetrical and NICU Level II services at the existing St. Luke's Hospital at Belfort Road until the replacement facility is built and licensed, sometime in September 2005 or thereafter.

The applicant argues that the elimination of obstetrical and NICU Level II services when the replacement hospital is built could produce adverse consequences for the community. Some unintended consequences of discontinuing the service the applicant states, may include, but are not limited to those below:

- Disruption in maternity, obstetric and NICU Level II services;
- Disruption in referral and practice patterns among physicians;
- Reduction in access to care for patients, particularly charity care and Medicaid recipients;
- Reduction in access to services for payers, particularly insurers; and
- Reduction in the supply of beds, particularly in an area of high growth.

In order to avoid unintended negative consequences, the NICU Level II services should continue at the Belfort Road Campus the applicant states. However, the applicant did not provide any substantial evidence to support the above reductions and disruptions in service. Memorial Hospital of Jacksonville has 10 Level II NICU beds that are currently running at 55.14 percent occupancy for the period January – December 2000 that could handle some additional overflow.

St. Vincent's Medical Center states that it will not incur any costs for construction, renovation, or equipment for the NICU Level II unit most notably because the service exists and operates currently, and will continue to operate until the replacement hospital opens. Spaces and equipment exist at the Belfort Road campus, allowing NICU Level II service to occur without incurring any new capital costs.

As mentioned above, St. Vincent's Medical Center's proposal is contingent on CON #9484, which results in the acquisition of operations of the Belfort Road Campus, becoming the new St. Luke's Hospital. The components for the NICU Level II service, including the location within the hospital, the support spaces, and the equipment exist presently and are in operation.

St. Vincent's states that maternity services along with women and infants' health care services are major elements of St. Vincent's Medical Center's mission. The hospital provides obstetrical services at its current hospital located on Barrs Street. The hospital operates 17 labor/delivery/recovery/postpartum rooms and provides a 10-bed NICU Level II service as well. This commitment to women and children also exists at the present St. Luke's Hospital. However, when the replacement hospital is built, St. Luke's Hospital Association will discontinue such services.

In support of the ongoing maternity and obstetrical care at the new St. Luke's Hospital, St. Vincent's Medical Center will provide the following services:

- Prenatal and childbirth education classes;
- Tours of the maternity suites, postpartum unit, and nursery;
- Books, pamphlets, and videotapes on topics including prenatal care, childbirth, breastfeeding, parenting, and women's health;

- Telephone consultation with experienced registered nurses for advice on everything from mom's recovery and care to breastfeeding and infant care;
- Free postpartum assessments and infant health screening by registered nurses, including physician referrals if specific problems are discovered;
- Help to access community and civic agencies and organizations;
- Breast pump rentals and sales; and
- Instruction (one-on-one, telephone, and class setting) on newborn care and parenting issues.

The applicant contends that the original 10-bed NICU Level II unit was approved even though the fixed need pool indicated no need. One reason for approval was the increasing numbers of births at St. Luke's Hospital and the forecast that they would continue. This circumstance continues to underscore the need to maintain the program at the Belfort Road campus.

## **2. Local Health Plan Preferences**

**Is need for the project proposed supported by the applicable district plan? ss. 408.035(1)(a), Florida Statutes and Ch. 59C-1.030(2)(c), Florida Administrative Code.**

The District 4 October 2000 CON Allocation Factors Report provides the following preferences for applications pertaining to Level II neonatal intensive care beds:

### **Generic Preference Statements**

For both competing and non-competing applications, preference shall be given to:

- 1. Applicants who demonstrate that they will meet identified needs by providing services, which must meet commonly accepted quality standards in a most economical manner in terms of capital and operating expenditures.**

The St. Vincent's Medical Center has ongoing accreditation from the Joint Commission on Accreditation of Healthcare Organizations (JCAHO). The copy of the accreditation was included in the application.

St. Vincent's Medical Center submits this proposal contingent upon CON #9484 to continue a hospital at the Belfort Road Campus. St. Luke's Hospital Association, at the existing St. Luke's Hospital, presently provides NICU Level II services. However, St. Luke's Hospital Association will delicense the beds in the related CON #9483 to create a replacement hospital on the site of the Mayo Clinic campus. The replacement facility will not provide either obstetrical services or NICU Level II services. Moreover, the replacement hospital will allow only Mayo Clinic affiliated physicians privileges, discontinuing community physician privileges.

**2. Applicants who demonstrate they can alleviate a current or potential geographic access problem.**

Although the applicant did not demonstrate that this project will alleviate a current or potential geographic access problem, it did discuss continued obstetrical and NICU care to the community currently serviced by St. Luke's Hospital. According to the applicant, for the baseline period, October 1, 1999 through September 30, 2000, St. Luke's Hospital provided 13,249 patients with care, and generated 61,491 patient days. Of those cases, 5,129 are associated with the community physicians, obstetric services, and a portion of emergency cases admitted (excluding open heart and cardiac therapeutic angioplasties and stents, DRGs 104-109, 112, 116, and neonatal intensive care 385-389), with the associated inpatient days exceeding 22,000.

The cases associated with the community physicians were analyzed. The deliveries that Mayo Clinic physicians performed also were included with the baseline information since St. Luke's Hospital Association will not provide obstetrics at the replacement hospital. Of the total 1,431 deliveries, Mayo Clinic physicians performed 814.

The table below organizes the baseline data for both applications, CON #9484 for the new St. Luke's Hospital, and CON #9481, to retain NICU Level II services at the new St. Luke's Hospital, according to St. Vincent's Medical Center's service lines.

**Number of Cases by Community Physicians and Mayo Clinic  
Affiliated Physicians Who Provided Obstetrical Services  
October 1, 1999 through September 30, 2000**

<b>St. Vincent's Medical Center's Service Lines</b>	<b>Number of Cases</b>
<b>Deliveries</b>	1,431
OB/GYN-Medical	183
OB/GYN-Surgical	123
All Others	3,422
<b>TOTAL</b>	<b>5,159</b>

**Note.** Data come from the Agency for Health Care Administration's, *Patient Data Discharge File*, for October 1, 1999 through September 30, 2000. Of those cases, 5,129 are associated with the community physicians, community and Mayo Clinic physicians providing obstetric services, and a portion of emergency cases admitted by Mayo Clinic physicians (excluding open heart and cardiac therapeutic angioplasties and stents, DRGs 104-109, 112, 116, and neonatal intensive care 385-389), with the associated inpatient days exceeding 22,000.

The data above show that during the baseline period, 1,431 deliveries occurred, which represents 28 percent of the cases. This level of service-indicates that the provision of obstetrical services is important to the community.

The table that follows presents the detail of the utilization during the baseline period of obstetrical and neonatal intensive care services at the existing St. Luke's Hospital.

**Numbers of Cases and Days by DRG for Newborns at the  
Existing St. Luke's Hospital**

<b>DRG</b>	<b>Cases</b>	<b>Days</b>	<b>\$</b>	<b>ALOS</b>	<b>\$/Case</b>
385	13	23	\$ 54,308	1.8	\$ 4,178
386	4	66	140,496	16.5	35,124
387	54	730	1,299,315	13.5	24,061
388	57	228	203,008	4.0	3,562
389	151	521	466,497	3.5	3,089
390	489	1,107	374,877	2.3	767
391	694	1,485	406,025	2.1	585
<b>TOTAL</b>	<b>1,462</b>	<b>4,160</b>	<b>\$ 2,944,526</b>	<b>2.8</b>	<b>\$ 2,014</b>

**Note.** Data come from the Agency for Health Care Administration's, *Patient Data Discharge File*, for October 1, 1999 through September 30, 2000.

The data above indicate a total of 1,462 deliveries that were performed at the exiting St. Luke's hospital, and of those, at least 279 cases (DRGs 385-389) could be classified as NICU Level II services.

**3. Applicants who demonstrate that the proposed service has access to an adequate supply of appropriate health manpower.**

Schedule 6 shows adequate manpower for the proposed project. The applicant indicates that because St. Luke's is closing its OB and NICU, current St. Luke's staff are expected to be available to staff this unit.

**4. Applicants who demonstrate that new or expanded bed capacity and/or service will not have a significant negative impact on similar adjacent healthcare facilities (this preference does not apply to hospices).**

In this proposal, no new or expanded services are sought. Rather, this proposal seeks the retention of the NICU Level II service at the existing Belfort Road campus, the site of the new St. Luke's Hospital as proposed in contingent CON #9484. The proposed project should not have an impact on similar adjacent healthcare facilities.

**5. Applicants who commit to maximizing services to rural county residents (if applicable).**

The proposal is located in Duval County, which is a metropolitan area.

**In addition to the generic preference statements that apply to all CON applications, the Council has adopted the following preference statements specific to neonatal ICU. For both competing and non-competing applications, preference shall be given to:**

**1. Applicants who propose or convert existing licensed unused beds.**

As mentioned previously, the effect of CON #9481 is to retain the 10-bed, NICU Level II unit at Belfort Road, the site of the new St. Luke's Hospital, proposed in CON #9484. Thus, no new beds, converted beds, or transferred beds are involved.

Rather, the applicant will recapture the 10 NICU Level II beds that St. Luke’s Hospital Association proposes to delicense in related CON #9483 to create a replacement hospital on the site of the Mayo Clinic. St. Luke’s Hospital Association at the replacement hospital will not provide obstetrical services; hence, the NICU Level II beds will be delicensed in the application.

**2. Applicants who propose to establish the first Level III program in Volusia County.**

This proposal is for the continuation of NICU Level II services at the new St. Luke’s Hospital. The applicant is not proposing to establish the first Level III program in Volusia County.

**3. Applicants who formally commit to a program of Medicaid and/or charity inpatient care, and specify the amount of Medicaid and/or charity care they will provide in their CON application.**

St. Vincent’s Medical Center, Inc., the applicant, proposes to provide obstetrical and NICU Level II services that are similar to those services presently provided at St. Vincent’s Medical Center on Barrs Street. The new St. Luke’s Hospital will have the same mission, vision, and core values of St. Vincent’s Medical Center. St. Vincent’s Medical Center commits to the provision of Medicaid and charity care, are shown in the table that follows:

**NICU Level II Cases and Patient Days By Payer at the  
New St. Luke’s Hospital  
First Two Years of Operations**

<b>Payer</b>	<b>Percent Admits</b>	<b>Year 1 Patient Days</b>	<b>Year 1 Admits</b>	<b>Year 2 Patient Days</b>	<b>Year 2 Admits</b>
Charity	2.74	47	6.8	47	6.9
Self Pay	0.00	0	0.0	0	0.0
Other	0.00	0	0.0	0	0.0
Medicaid	27.40	722	68.4	725	68.6
Commercial	0.9	21	2.3	21	2.3
Managed Care	68.95	1,623	172.1	1,629	172.7
<b>TOTAL</b>	<b>100.0</b>	<b>2,412</b>	<b>249.5</b>	<b>2,421</b>	<b>250.5</b>

Source: CON #9481

At the second year of operation, St. Vincent's Medical Center commits to condition award of the upon providing 1.9 percent of the total NICU Level II patient days to charity care and 29.9 percent of total NICU Level II patient days to Medicaid recipients.

- 4. Applicants who submit in their CON application copies of written patient transfer agreements with the county health department for maternal and child health services.**

The applicant does not have a transfer agreement with the county health department for maternal and child health services. St. Vincent's states that the mission statement and core values of the medical center underscore that the poor are beneficiaries of the hospital's services.

Specific programs at the hospital, including Health Link, Mobile Screening, and primary care physicians assure that the poor have access to medical care. Under this same mission, the hospital's staffs routinely work with the county health unit to provide access to care, including prenatal care, obstetrical services, primary care, and children's care, along with prevention, education, and health promotion.

- 5. Approval of Level II beds in the Greater Jacksonville area should be based on area wide need (i.e., the five-county area of Baker, Clay, Duval, Nassau, and St. Johns counties) and not solely on a high occupancy rate at an individual hospital.**

The applicant is not applying to add new beds to the district. Need for the existing 10-bed unit was previously determined.

- 6. Applicants who specify how their proposed program will participate in the Greater Jacksonville area neonatal intensive care network. Participation can include, but not be limited to, a contractual agreement or letter of agreement with the University of Florida neonatologist.**

St. Vincent's Medical Center currently provides a 10-bed, NICU Level II unit at its existing hospital. As an existing provider of NICU Level II services in Health Planning District 4, St. Vincent's Medical Center participates in the area wide network. Neonates requiring Level III services are transferred to Shands Hospital Jacksonville, formerly known as University Medical Center. Shands Hospital Jacksonville is affiliated with the University of Florida.

Shands Hospital Jacksonville, an affiliate of Shands Hospital, University of Florida, has agreed to provide the transfer agreement as well as transport. A copy of that agreement appears as Exhibit 2-1 in the application.

**3. Agency Rule Preferences**

**Please indicate how each applicable preference for the type of service proposed is met. Chapter 59C-1.042, Florida Administrative Code.**

- a. Ch. 59C-1.042(3)(k), Florida Administrative Code - Services to Medically Indigent and Medicaid Patients. In a comparative review, preference shall be given to hospitals which propose to provide neonatal intensive care services to Children's Medical Services patients, Medicaid patients, and non-Children's Medical Services patients who are defined as charity care patients according to the Health Care Board, Florida Hospital Uniform Reporting System Manual, Chapter III, Section 3223. The applicant shall estimate, based on its historical patient data by type of payer, the percentage of neonatal intensive care services patient days that will be allocated to:**

- (1) Charity care patient;**
- (2) Medicaid patients;**
- (3) Private pay patients, including self-pay; and**
- (4) Regional Perinatal Intensive Care Center Program and Step Down Neonatal Special Care Unit patients.**

At the second year of operation, St. Vincent's Medical Center commits to 1.9 percent of total NICU Level II patient days to charity care and 29.9 percent of total NICU Level II patient days to Medicaid recipients. On the form, Certificate of Need Predicated On Conditions, St. Vincent's Medical Center has agreed to accept conditions that focus upon access to traditionally underserved persons-Medicaid recipients and charity care cases.

Refer to E.4.i. below for further discussion.

**b. Ch. 59C-1.042(4), Florida Administrative Code - Level II and Level III Service Continuity. To help assure the continuity of services provided to neonatal intensive care services patients:**

- (1) Hospitals may be approved for Level II neonatal intensive care services without providing Level III services. In a comparative review, preference for the approval of Level II beds shall be given to hospitals, which have both Level II neonatal intensive care unit beds and Level III neonatal intensive care unit beds.**

The applicant proposes to retain the 10-bed NICU unit at the Belfort Road campus to become the new St. Luke's Hospital. The proposed project is not comparatively reviewed.

- (2) Applicants proposing to provide Level II or Level III neonatal intensive care services shall ensure developmental follow-up on patients after discharge to monitor the outcome of care and assure necessary referrals to community resources.**

According to the applicant developmental follow-up is conducted on all neonates in the NICU Level II unit. Rehabilitation specialists, including respiratory therapists and dieticians, are included in the interdisciplinary case staffing, so that information is obtained from all disciplines that will benefit the neonates and their families.

**c. Ch. 59C-1.042(5), Florida Administrative Code - Minimum Unit Size.**

As stated previously, the existing St. Luke's Hospital has a 10-bed NICU Level II unit and this proposal seeks to continue to provide the same 10-bed service at the new St. Luke's Hospital.

**d. Ch. 59C-1.042(6) - Minimum Birth Volume Requirement. Hospitals applying for Level II Neonatal Intensive Care services shall not normally be approved unless the hospital has a minimum service volume of 1,000 live births for the most recent 12-month period ending six months prior to the beginning date of the quarter of the publication of the fixed bed need pool. Specialty children's hospitals are exempt from these requirements.**

According to AHCA Discharge data for the year ended December 2000, St. Vincent's Hospital reported 2,314 births for DRGs 385-391. The applicant provided the following table that shows the existing births at St. Luke's Hospital for the years 1998-2001.

**Number of Births by Year at the Existing St. Luke’s Hospital**

<b>Month</b>	<b>2001 Births</b>	<b>2000 Births</b>	<b>1999 Births</b>	<b>1998 Births</b>
January	160	105	61	39
February	129	128	64	30
March	135	151	82	42
April	115	129	101	54
May	132	145	112	49
June	135	133	91	46
July		119	83	74
August		148	101	63
September		127	118	61
October		153	134	76
November		137	112	60
December		144	121	70
<b>Total</b>	<b>806</b>	<b>1,619</b>	<b>1,180</b>	<b>664</b>

*Note.* Data come from the Health Planning Council of Northeast Florida, *Hospital Utilization Statistics by Month*, for years shown.

The information above shows the growth in the number of births at the existing St. Luke’s Hospital. For the first six months of the year, 806 births were performed. The applicant states that annualizing this number would generate 1,612, above the minimum 1,000-birth level.

- e. **Ch. 59C-1.042(7) - Geographic Access. Level II and Level III neonatal intensive care services shall be available within two hours ground travel time under normal traffic conditions for 90 percent of the population in the service district.**

Currently Level II and Level III NICU services are available and accessible within the two hours ground time to 90 percent of the residents of District 4.

- f. **Ch. 59C-1.042(8) - Quality of Care Standards.**

- (1) **Physician Staffing: Level III neonatal intensive care services shall be directed by a neonatologist or a group of neonatologists who are on active staff of the hospital with unlimited privileges and provide 24-hour coverage, and who are either board certified or board eligible in neonatal-perinatal medicine.**

The applicant states that the medical director of the NICU is Arthur J. Vaughn, M.D. He is presently the Medical Director of St. Luke’s Hospital’s NICU Level II nursery and will continue to perform this duty. The applicant also submitted a letter in exhibit 3-2 that indicates that the NICU Level II nursery shall be under the direction of NeoJax, Neonatal Associates of Jacksonville, P.A.

- (2) **Nursing Staffing: The nursing staff in Level II and Level III neonatal intensive care units shall be under the supervision of a head nurse with experience and training in neonatal intensive care nursing. The head nurse shall be a registered professional nurse. At least one-half of the nursing personnel assigned to each work shift in Level II and Level III neonatal intensive care units must be registered nurses.**

According to the applicant with the coordination of the NICU Level II services at the new St. Luke's Hospital, the program will be under the existing St. Vincent's Medical Center structure. The Director of Women's Services is Althea Gibson Whitehead, R.N. The applicant states that her position supervises the conduct of obstetrical and NICU Level II services. Another key individual according to the applicant is M. Joyce Slate R.N. Nurse Manager of Women's Services. Ms. Slate has opened women's services, led the Clinical Resource and Clinical Specialty services, and directed a variety of special projects.

- (3) **Special Skills of Nursing Staff: Nurses in Level II and Level III neonatal intensive care units shall be trained to administer cardio-respiratory monitoring, assist in ventilation, administer I.V. fluids, provide pre-operative and post operative care of newborns requiring surgery, manage neonates being transported, and provide emergency treatment of conditions such as apnea, seizures, and respiratory distress.**

The applicant states that the hospital nursing staff already has the required competencies.

- (4) **Respiratory Therapy Technician Staffing: At least one certified respiratory care practitioner therapist with expertise in the care of neonates shall be available in the hospitals with Level II or Level III neonatal intensive care services at all times. There shall be at least one respiratory therapist technician for every four infants receiving assisted ventilation.**

The applicant states that its staff meets the requirements of at least one certified/registered respiratory care practitioner with expertise in the care of neonates to be available 24 hours a day.

- (5) **Blood Gases Determination and Ancillary Service**  
**Requirements: Blood gas determination shall be available and accessible on a 24-hour basis in all hospitals with Level II or Level III neonatal intensive care services. Hospitals providing Level II or Level III neonatal intensive care services shall provide on-site, on a 24-hour basis, x-ray, obstetric ultrasound, and clinical laboratory services. Anesthesia shall be available on an on-call basis within 30 minutes. Clinical laboratory services shall have the capability to perform microstudies.**

Blood gas determination is available 24 hours, seven days a week. The hospital provides all the above including on-site x-ray, and clinical laboratory services 24 hours, seven days a week. Anesthesiologists are on staff and anesthesia is available within 30 minutes.

- (6) **Nutritional Services: Each hospital with Level II or Level III neonatal intensive care services shall have a dietician or nutritionist to provide information on patient dietary needs while in the hospital and to provide the patient's family instruction or counseling regarding the appropriate nutritional and dietary needs of the patient after discharge.**

According to the applicant it has designated registered and licensed dietitians assigned to the NICU. These dietitians assess their patients for nutritional risk and follow them according to diagnosis-based standards of practice.

- (7) **Social Services: Each hospital with Level II or Level III neonatal intensive care services shall make available the services of the hospital's social service department to patients' families which shall include, but not be limited to, family counseling and referral to appropriate agencies for services. Children potentially eligible for the Medicaid, Children's Medical Services, or Developmental Services Programs shall be referred to the appropriate eligibility worker for eligibility determination.**

The applicant describes the duties of the social worker in assisting the patient's family, including identification and referral to needed resources in the community. Coordination occurs with community agencies for all Home Health, Durable Medical Equipment, Healthy Start, Healthy Families, Children's Medical Services, DEI, Early Intervention, and Entitlement Programs for Neonates.

- (8) Developmental Disabilities Intervention Services: Each hospital that provides Level II or Level III neonatal intensive care services shall provide in-hospital intervention services for infants identified as being at high risk for developmental disabilities to include developmental assessment, intervention, and parental support and education.**

According to the applicant, in cooperation with the attending physician and the neonatologist, developmental assessments are conducted. The hospital's staff will assist with obtaining the appropriate releases for medical information so that tests or assessments do not have to be repeated unless necessary.

- (9) Discharge Planning: Each hospital that provides Level II or Level III neonatal intensive care services shall have an interdisciplinary staff responsible for discharge planning. Each hospital shall designate a person responsible for discharge planning.**

According to the applicant it has an interdisciplinary staff responsible for discharge planning of all hospital patients that provide family counseling and referrals to appropriate community agencies.

- g. Ch. 59C-1.042(9) - Level II Neonatal Intensive Care Unit Standards: The following standards shall apply to Level II neonatal intensive care services:**

- (1) Nurse to Neonate Staffing Ratio. Hospitals shall have a nurse to neonate ratio of at least 1:4 in Level II NICUs at all times. At least 50 percent of the nurses shall be registered nurses.**

St. Vincent's indicates that the nurse to neonate ratio will be at least 1:4 in the Level II NICU. This ratio is reflected on Schedule 5.

- (2) Requirements for Level II NICU Patient Stations. Each patient station in a Level II NICU shall have, at a minimum:**
- a. Fifty square feet per infant;**
  - b. Two wall-mounted suction outlets preferably equipped with a unit alarm to signal loss of vacuum;**
  - c. Eight electrical outlets;**
  - d. Two oxygen outlets and an equal number of compressed air outlets and adequate provisions for mixing these gases;**
  - e. An incubator or radiant warmer;**
  - f. One heated humidifier and oxyhood;**

- g. One respiration or heart rate monitor;**
- h. One resuscitation bag and mask;**
- i. One infusion pump;**
- j. At least one oxygen analyzer for every three beds;**
- k. At least one non-invasive blood pressure monitoring device for every three beds;**
- l. At least one portable suction device; and**
- m. Not less than one ventilator for every three beds.**

The applicant states that it is in compliance with all of the requirements above. Refer to the architectural review below in E.4.h.

**(3) Equipment Required to be Available to Each Level II NICU on demand:**

- a. An EKG machine with print-out capacity;**
- b. Transcutaneous oxygen monitoring equipment; and**
- c. Availability to continuous blood pressure measurement.**

The applicant states it has all the required equipment above.

**i. Ch. 59C-1.042(11) - Emergency Transportation Services: Each hospital providing Level II neonatal intensive care services or Level III neonatal intensive care services shall have or participate in an emergency 24-hour patient transportation system.**

- (1) Provision of Emergency Transportation. Hospitals providing Level II or Level III neonatal intensive care services must operate a 24-hour emergency transportation system directly, or contract for this service, or participate through a written financial or non-financial agreement with a provider of emergency transportation services.**
- (2) Requirements for Emergency Transportation System. Emergency transportation system, as defined in paragraph (11)(a), shall conform to Section 10D-66.52, Florida Administrative Code.**

The applicant indicates the transports are staffed with specially trained staff consisting of residents, neonatal nurses, respiratory therapists, paramedics and ambulance drivers. A part of the transfer agreement with Shands Hospital Jacksonville, the NICU Level III provider, transport as well as acceptance of transfers for NICU Level III services shall occur.

- j. **Ch. 59C-1.042(12) - Transfer Agreements: A hospital providing only Level II neonatal intensive care services shall provide documentation of a transfer agreement with a facility providing Level III neonatal intensive care services in the same or nearest service district for patients in need of Level III services. Facilities providing Level III neonatal intensive care services shall not unreasonably withhold consent to transfer agreements which provide for transfers based upon availability of service in the Level III facility, and which will be applied uniformly to all patients requiring transfer to Level III, as defined in subparagraph (2)(e)2. An applicant for Level II or Level III neonatal intensive care services shall include, as part of the application, a written protocol governing the transfer of neonatal intensive care services patients to other inpatient facilities.**

See previous response above under Local Health Council Preferences.

- k. **Ch. 59C-1.042(13) - Data Reporting Requirements: All hospitals with Level II or Level III neonatal intensive care services shall provide the agency or its designee with patient utilization and fiscal reports which contain data relating to patient utilization of Level II and Level III neonatal intensive care services.**

The applicant states that it will continue to provide all data required by the Agency in this section of the Rule.

**4. Statutory Review Criteria**

- a. **Is need for the project evidenced by the availability, quality of care, efficiency, accessibility and extent of utilization of existing health care facilities and health services in the applicant's service area? ss. 408.035(2), 408.035(7), Florida Statutes.**

As mentioned above, at the present time, St. Luke's Hospital provides both obstetrical services and NICU Level II services under the licensure of St. Luke's Hospital Association. The services will continue to be provided until the replacement hospital is constructed and ready for occupancy. At the time St. Luke's Hospital Association moves into the replacement hospital, the obstetrical and NICU Level II services will be stopped at Belfort Road.

If this application is not approved, 10 beds will be eliminated from the inventory of NICU Level II beds, reducing the 76 licensed beds to 66 beds. The proposed project if approved ensures access to obstetrical and NICU Level II services including hospital services that would not continue if this CON #9481 and its related one, CON #9484 were not approved.

St. Vincent's Medical Center offers a variety of means to assure patients access to care. St. Vincent's Medical Center actively promotes as well as participates in programs and activities in order to ensure that persons in its service area have ready access to its services. These include its Mobile Health Outreach Ministry, Parish Nurse Program, and We Care medical clinics.

A summary of the program appears in the application behind Tab 5, Quality of Care, where the applicant's ability to provide high quality of care is explained. Quality assurance will follow the successful protocols now in use at the medical center. The hospital is accredited by the Joint Commission of Accreditation of Health Care Organizations (JCAHO), participates in federal Medicare and Medicaid Programs, and has no COBRA or other violations.

With respect to financial access, the applicant demonstrated that access would be enhanced at the new St. Luke's Hospital with the continuation of NICU Level II services under St. Vincent's Medical Center's operations.

The tables below present historical utilization of NICU Level II services for St. Vincent's Medical Center, the applicant, Health Planning District 4, and the existing St. Luke's Hospital.

The table below also reflects historical utilization of St. Vincent's Medical Center's NICU Level II unit for the five most recent calendar years. Occupancy fluctuations appear across the years, with the most recent calendar year 2000 achieving a 50 percent occupancy rate. According to data submitted by the hospital to the Local Health Council for the first six months of 2001, St. Vincent's Medical Center's occupancy rate in the unit is 56.85 percent.

**Historical Utilization of NICU Level II Services at St. Vincent's Medical Center**

<b>Year</b>	<b>Deliveries</b>	<b>NICU Discharges</b>	<b>NICU Patient Days</b>	<b>Occupancy</b>	<b>Ratio of NICU Pt. Days to Deliveries</b>
2000	2,139	194	1,837	50.19%	0.858812529
1999	2,265	292	2,806	76.88%	1.238852097
1998	1,983	295	2,738	75.01%	1.380736258
1997	2,111	260	2,358	64.60%	1.117006158
1996	2,124	239	1,825	49.86%	0.859227872
1995	2,091	263	1,489	40.79%	0.712099474

**Note.** Data come from the Health Planning Council of Northeast Florida. The hospital has a 10-bed unit.

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The table below shows the historical utilization of NICU Level II Units in Health Planning District 4 provided by the applicant. For the period from January 1, 1998 through August 1, 2000, the number of licensed NICU Level II beds is 66. In August, St. Luke’s Hospital initiated the NICU Level II service, and 10 additional beds were brought on line.

**Births, NICU Level II Patient Days, and Occupancy in Health Planning District 4**

	<b>2001 Births</b>	<b>NICU Days</b>	<b>% 2001</b>	<b>2000 Births</b>	<b>NICU Days</b>	<b>% 2000</b>	<b>1999 Births</b>	<b>NICU Days</b>	<b>% 1999</b>	<b>1998 Births</b>	<b>NICU Days</b>	<b>% 1998</b>
Jan	1,656	1,380	58.57%	1,613	1,964	95.99%	1,554	1,744	85.24%	1,571	1,630	79.67%
Feb	1,457	1,053	49.48%	1,571	1,242	67.21%	1,420	1,779	96.27%	1,405	1,442	78.03%
Mar	1,618	1,381	58.62%	1,628	1,112	54.35%	1,546	2,098	102.54%	1,508	1,691	82.65%
Apr	1,443	1,283	56.27%	1,526	1,170	59.09%	1,557	1,856	93.74%	1,517	1,725	87.12%
May	1,569	1,531	64.98%	1,508	1,253	61.24%	1,515	1,609	78.64%	1,506	1,753	85.68%
Jun	1,489	1,293	56.71%	1,581	1,460	73.74%	1,478	1,797	90.76%	1,500	1,387	70.05%
Jul				1,554	1,354	66.18%	1,658	1,588	77.61%	1,651	1,513	73.95%
Aug				1,736	1,406	59.68%	1,625	1,812	76.91%	1,646	1,507	63.96%
Sep				1,618	1,391	61.01%	1,640	2,205	96.71%	1,672	2,185	95.83%
Oct				1,641	1,558	66.13%	1,645	1,866	79.20%	1,686	2,136	90.66%
Nov				1,682	1,219	53.46%	1,624	2,192	96.14%	1,521	2,162	94.82%
Dec				1,699	1,512	64.18%	1,693	1,895	80.43%	1,645	1,880	79.80%
<b>Total</b>	<b>9,232</b>	<b>7,921</b>	<b>66.31%</b>	<b>19,357</b>	<b>16,641</b>	<b>64.01%</b>	<b>18,955</b>	<b>22,441</b>	<b>93.15%</b>	<b>18,828</b>	<b>21,011</b>	<b>87.22%</b>

**Note.** Data come from the Health Planning Council of Northeast Florida.

The data above show increased utilization of NICU Level II services in District 4 from 1998 through 1999. In the February 2000 batching cycle, St. Luke’s Hospital applied for a 10-bed unit, CON #9308, and Shands Hospital Jacksonville, applied for a 20-bed unit. Both were approved. In August 2000, St. Luke’s Hospital began providing the service. Though an additional 10 beds were added to the District 4 bed supply, NICU Level II patient days also declined, which is reflected in lower utilization. In calendar year 2000, the District 4 utilization was 64 percent in the NICU Level II units. For the first six months of 2001, utilization is 66 percent, slightly higher than last year’s level.

The final table below provided by the applicant reflects the utilization of St. Luke’s Hospital’s NICU Level II program since opening in August 2001. The information below shows an increase in both the numbers of births and the NICU Level II days at the facility.

**Utilization of NICU Level II Services at St. Luke's Hospital (N=10)**

	<b>2001 Births</b>	<b>NICU Days</b>	<b>%</b>	<b>2000 Births</b>	<b>NICU Days</b>	<b>%</b>
January	160	136	43.87%	105	0	0
February	129	166	59.29%	128	0	0
March	135	207	66.77%	151	0	0
April	115	84	28.00%	129	0	0
May	132	79	25.48%	145	0	0
June	135	224	74.67%	133	0	0
July				119	0	0
August				148	112	36.13%
September				127	160	53.33%
October				153	221	71.29%
November				137	108	36.00%
December				144	116	37.42%
<b>Total</b>	<b>806</b>	<b>896</b>	<b>49.50%</b>	<b>1,619</b>	<b>717</b>	<b>36.13%</b>

**Note.** Data come from the Health Planning Council of Northeast Florida. & CON #9481

The information above shows that the existing St. Luke's Hospital continues to increase the utilization within the NICU Level II unit.

- b. Does the applicant have a history of providing quality of care? Has the applicant demonstrated the ability to provide quality care? Please discuss your licensure history within and outside of Florida, and discuss any accreditation(s) held. ss. 408.035(3), 408.035(12), Florida Statutes.**

St. Vincent's Medical Center is accredited by the Joint Commission on Accreditation of Health Care Organizations. Additionally, the licensure records maintained by the AHCA, Health Quality Assurance, Office of Licensure and Certification, demonstrate that the hospital has not had any COBRA violations or other violations with respect to the treatment of patients and the operation of the hospital. The hospital also participates in both the Medicare and Medicaid Programs.

The hospital's Performance Improvement Plan provides the overall guidance of the process and procedures that staff of St. Vincent's Medical Center follow. In regard to the NICU Level II services, the applicant states that St. Vincent's Medical Center's 10-bed unit, currently reviews each case with the committee on an ongoing basis. Therefore, no separate standards for case sampling and review are employed; rather, the assigned team reviews all cases and problems are immediately brought to the attention of the Pediatric Committee.

- c. **Is the applicant proposing special health care services for its service area that are not reasonably and economically accessible in adjacent service areas? ss. 408.035(4), Florida Statutes.**

The proposed project does not involve special equipment or services that are not reasonably or economically accessible in adjacent districts.

- d. **Is this project to be located in a research or teaching hospital? Will the program affect the clinical needs of health professional training programs in the service area? ss. 408.035(5), Florida Statutes.**

The project will not be located in a teaching hospital. However, the hospital ensures that its workforce is equipped to excel, and to meet the demands encountered in patient care and management. Both continuing education and medical education are offered at the hospital, along with in-service training, and community education.

Additionally, the applicant states that the staff of the hospital engages in clinical research that enhances the quality of services available to patients, and improves the treatment of diseases.

- e. **What resources, including health manpower, management personnel, and funds for capital and operating expenditures, are available for project accomplishment and operation? ss. 408.035(6), Florida Statutes. *Please include the following in your response:***

- ***a detailed listing of the needed capital expenditures (Schedule 1);***
- ***a complete listing of all capital projects (Schedule 2);***
- ***source of funds (Schedule 3);***
- ***a detailed financial projection, including a statement of the projected revenue and expenses for the first two years of operation; and a statement of the assumptions made (Schedules 7, 7A; or 7B; and 8 or 8A); and an audited financial statement of the applicant.***

The applicant, St. Vincent's Medical Center, is a non-profit healthcare provider that operates the medical center, a nursing home, several outpatient clinics, and a home health agency in Duval County, Florida and the surrounding counties in North Florida and South Georgia. The applicant is requesting to add a 10-bed Level II, NICU in the acute care hospital, which they hope to establish in southeast Jacksonville, Florida. The initial cost of this project is expected to be \$110,865, with incremental operating costs projected to be \$1,929,745 in the first year and \$1,933,484 in the second year.

The applicant's current ratio of 1.5 indicates current assets are one and a half times that of short-term liabilities, an adequate position. The working capital (current assets less current liabilities) of \$26.0 million indicates materially positive short-term liquidity. The applicant has an adequate short-term position.

The long-term debt to equity ratio of 0.8 is slightly greater than the 50<sup>th</sup> percentile statewide of 0.5. The long-term debt of \$137.5 is significant but not excessive. Net income (total margin) amounted to \$13.4 million in 2000 or 5.0 percent, which is slightly more than the statewide 50<sup>th</sup> percentile of 3.8 percent. Net assets (equity) totaled \$267.6 million. The long-term position is good.

Schedule 2 indicates capital projects total \$311.3 million. Maturities on long-term debt through 2005 total \$6.0 million. The total capital requirement is estimated at \$317.3 million.

The applicant states that they have \$26.0 million in working capital (see table one) and will provide an additional \$30.0 million from ongoing operations. The financial statements indicate that the applicant has \$134.9 million in board-designated investments, but are silent as to the board-designated purpose of those investments. Another \$125.5 million is being sought through related party financing. A letter from Ascension Health (the Parent Company) indicates that they will assist in the provision of financing for the remaining capital budget.

With the participation of the Parent Company, funding is likely to be available for this project as well as the entire capital budget.

**f. What is the immediate and long-term financial feasibility of the proposal? ss. 408.035(8), Florida Statutes.**

A comparison of the applicant's estimates to the control group values provides for an objective evaluation of financial feasibility, (the likelihood that the services can be provided under the parameters and conditions contained in Schedules 7 and 8), and efficiency, (the degree of economies achievable through the skill and management of the applicant). In general, projections that approximate the median are the most desirable, and balance the opposing forces of feasibility and efficiency. In other words, as estimates approach the highest in the group, it is more likely that the project is feasible, because fewer economies must be realized to achieve the desired outcome. Conversely, as estimates approach the lowest in the group, it is less likely that the project is feasible, because a much higher level of economies must be realized to achieve the desired outcome.

These relationships hold true for a constant intensity of service through the relevant range of outcomes. As these relationships go beyond the relevant range of outcomes, revenues and expenses may, either go beyond what the market will tolerate, or may decrease to levels where activities are no longer sustainable.

Comparative data were derived from hospitals in peer groups that reported data in 1999. Based on the number of beds, the range of services offered, and the projected number of admissions and patient days; the applicant will be compared to the hospitals in group 4. Per Diem rates are projected to increase by an average of 3.5 percent per year. Inflation adjustments were based on the most current Florida Hospital Input Price Index.

Gross revenues, net revenues, and costs were obtained from Schedules 7 and 8 in the financial portion of the application. These were compared to the control group as a calculated amount per adjusted patient day. The adjustment is made to factor out the outpatient revenues in the per patient day computation.

Net revenue per adjusted patient day (NRAPD) of \$1,450 in year one and \$1,496 in year two is between the control group median and highest values of \$1,347 and \$1,729 in year one and \$1,382 and \$ 1,775 in year two. The median is generally viewed as the best balance between financial feasibility and economies of operation.

With net revenues per adjusted patient day falling between the median and the highest level, the hospital is expected to consume health care resources in slightly greater proportion to the services provided. (See Comparison Table).

Projected cost per adjusted patient day of \$1,439 in year one and \$1,448 in year two is between the group median and highest values of \$1,314 and \$1,645 in year one and \$1,349 and \$1,688 in year two. This applicant is considered cost-efficient when compared to the control group. (See Comparison Table).

The year two operating profit for the hospital is estimated at \$3,722,301 which computes to an operating margin per adjusted patient day of \$48. This falls between the peer group median and highest values of \$36 and \$312. The operating margin computes to 3.2 percent, which is slightly above the 50<sup>th</sup> percentile for Florida hospitals. The addition of the neonatal beds to the hospital, will increase the operating surplus in year two by \$357 thousand. The project is economically feasible.



- g. Will the proposed project foster competition to promote quality and cost-effectiveness? ss. 408.035(9), Florida Statutes. Please discuss the effect of the proposed project on any of the following:**

Managed care patient days are estimated at 41.9 percent of total patient days. The control group highest value is 61.5 percent. In their 1999 actual report, St. Luke's Hospital showed 15.3 percent of patient days as managed care days. Given the lower level of services offered by St. Vincent's, the managed care days projection may be slightly optimistic. However, if achieved, this level of managed care would likely have a significant positive impact on competition, to promote quality assurance and cost-effectiveness.

The estimated revenues of the neonatal intensive care unit were divided by the number of projected patient days to arrive at a gross charge per patient day. This calculated to \$1,907 in year one and \$1,973 in year two. These amounts were then compared to the gross charges per patient day for all existing Level II NICUs through the state, which were inflated forward to the projected operational years in the application. In year one the applicant fell between the median of \$1,689 and the highest value of \$3,468. In year two, they also fell between the median of \$1,735 and the highest value of \$3,562. While neonatal intensive care is generally not a type of service that generates competition, the applicant's projected charges appear to be reasonable when compared with extant programs.

- h. Are the proposed costs and methods of construction reasonable? Do they comply with statutory and rule requirements? ss. 408.035(10), Florida Statutes; Ch. 59A-3 or 59A-4, Florida Administrative Code. Please address those items found in "Architectural Criteria" (Schedule 9).**

This application is "related and contingent" upon CON #9483 and CON #9484, the gist of which is that St. Vincent's Hospital plans to purchase the existing St. Luke's facility.

The components of the 10 NICU Beds "exist presently and are in operation". Therefore, there are no architectural issues with this CON, which essentially transfers the beds from St. Luke's to St. Vincent's. If CON #9483 and CON #9484 are not approved, there will be no need for this CON.

The application includes a site plan and floor plans of the floors involved. A large scale plan of the unit is provided. There is no architectural work involved in this CON nor is there any construction. The projected date of initiation of service is September, 2005.

- i. Does the applicant have a history of providing health services to Medicaid patients and the medically indigent? Does the applicant propose to provide health services to Medicaid patients and the medically indigent? ss. 408.035(11), Florida Statutes.

The applicant has a history of providing health services to Medicaid patients and the medically indigent. Historical information appears below for the hospital.

**Historical Patient Days and Revenues by Payer  
St. Vincent's Medical Center**

Payer	FYE September 30, 1998				FYE September 30 1999			
	Patient Days	%	Net Revenue	%	Patient Days	%	Net Revenue	%
Medicare	52,346	45.6%	76,256,272	32.8%	67,885	57.4%	94,012,317	38.0%
Medicaid	3,803	3.3%	312,065	0.1%	6,277	5.3%	4,614,696	1.9%
Other	1,450	1.3%	16,469,415	7.1%	1,227	1.0%	16,914,702	6.8%
Managed Care	50,380	43.9%	110,398,860	47.5%	35,509	30.0%	95,704,060	38.6%
Commercial	3,283	2.9%	18,670,473	8.0%	2,478	2.1%	16,031,261	6.5%
Self Pay/Charity	3,489	3.0%	10,165,136	4.4%	4,953	4.2%	20,421,408	8.2%
<b>Total</b>	<b>114,751</b>	<b>100.0%</b>	<b>232,272,221</b>	<b>100.0%</b>	<b>118,329</b>	<b>100.0%</b>	<b>247,698,444</b>	<b>100.0%</b>
Payer	FYE September 30, 2000				YTD June 30, 2001			
	Patient Days	%	Net Revenue	%	Patient Days	%	Net Revenue	%
Medicare	79,296	61.7%	98,088,724	37.2%	60,184	59.8%	81,664,000	37.5%
Medicaid	7,859	6.1%	8,602,092	3.3%	6,583	6.5%	11,880,882	5.5%
Other	1,590	1.2%	17,724,098	6.7%	1,304	1.3%	13,318,229	6.1%
Managed Care	32,536	25.3%	101,217,675	38.4%	27,096	26.9%	87,153,695	40.0%
Commercial	2,392	1.9%	16,647,319	6.3%	1,172	1.2%	9,254,057	4.2%
Self Pay/Charity	4,935	3.8%	21,148,074	8.0%	4,376	4.3%	14,592,619	6.7%
<b>Total</b>	<b>128,608</b>	<b>100.0%</b>	<b>263,427,982</b>	<b>100.0%</b>	<b>100,715</b>	<b>100.0%</b>	<b>217,863,482</b>	<b>100.0%</b>

**Note.** St. Vincent's Medical Center's fiscal year is October 1 through September 30. The hospital provided the data.

According to the applicant, St. Vincent's Medical Center's provision of Medicare has grown over the prior three fiscal years, reaching 62 percent of total patient days in FY 2000. As the information in the table above shows, Medicaid days account for over six percent of patient days, with Medicaid-the federal and state program covering a large segment of the poor, primarily females who are head of households and their children who are below the poverty limits. Charity care for which no payment of any kind is received was over four percent of total patient days over the fiscal years shown above. Managed care and commercial insurance also are represented, indicating that the hospital promotes access to the widest range of patients and their payers. According to 1999 AHCA actual data St. Vincent's provided 3.9 percent of its patient days to Medicaid and provided \$7,328,521 in charity dollars.

St. Vincent’s Medical Center supplied recent information on the number of admissions and patient days at the 10-bed, NICU Level II Unit in the next table.

**NICU Level II Cases and Patient Days at St. Vincent’s Medical Center  
October 1, 1999 through September 30, 2000**

<b>Payer</b>	<b>Cases</b>	<b>ALOS</b>	<b>Patient Days</b>	<b>% of Days</b>
Medicaid	60	10.6	634	29.95%
HMO-Medicaid	7	10.4	73	3.45%
HMO	95	9.9	944	44.59%
PPO	49	8.3	407	19.23%
Commercial	2	9.0	18	0.85%
Self Pay	6	6.8	41	1.94%
<b>TOTAL</b>	<b>219</b>	<b>9.7</b>	<b>2,117</b>	<b>100.00%</b>

Source: CON #9481

For the applicant’s most recent fiscal year that was complete as shown above, 30 percent of the days in the unit were provided to Medicaid recipients, and another two percent to charity patients. These levels exceed that for the existing St. Luke’s Hospital shown below.

**NICU Level II Cases and Patient Days at the Existing St. Luke’s Hospital  
October 1, 1999 through September 30, 2000, Agency Data**

<b>Payer</b>	<b>Cases</b>	<b>ALOS</b>	<b>Patient Days</b>	<b>% of Days</b>
Medicaid	6	5.5	33	2.10%
HMO-Medicaid	0	0	0	0
HMO	64	6.36	407	25.96%
PPO	156	5.49	857	54.66%
Commercial	25	5.46	131	8.35%
Self Pay	9	3.22	29	1.85%
<b>TOTAL</b>	<b>279</b>	<b>5.62</b>	<b>1,568</b>	<b>100.0%</b>

**Note.** Data come from the Agency for Health Care Administration’s, Patient Data Discharge File, for the period October 1, 1999 through September 30, 2000. If data were not available for a quarter, the hospital’s corresponding quarter from the prior year was substituted. DRGs 385 through 389 are used to represent NICU Level II services.

The information above shows a different profile at the existing St. Luke’s Hospital for patients in the NICU Level II unit. The cases and patient days come from the Agency’s patient data, and DRGs 385 through 389 are used to represent NICU services. These numbers differ from those the hospital reports to the Health Planning Council of Northeast Florida due to the wide array of procedures that fall under each DRG. However, in order to obtain data by payer, the Agency’s data were used by the selected DRGs.

The existing St. Luke’s Hospital had only 2.10 percent of total NICU days provided to Medicaid recipients, and 1.85 percent of total days to charity care. The majority of the cases were PPO, at 54.66 percent of total NICU days.

For FY 1999 St. Vincent's Medical Center's Medicaid days were 3.9 percent and gross charity patient days were 1.3 percent respectively. The district average for Medicaid days was 8.5 percent and charity 3.6 percent. The applicant has conditioned to provide 1.9% of its total Level II patient days to charity care and 29.9 percent of total NICU Level II patient days to Medicaid recipients. Schedule 7a indicates 29.95 patient days to Medicaid.

**F. SUMMARY**

St. Vincent's Medical Center, Inc. submits this application to continue operating an existing 10-bed Level II NICU proposed to be delicensed by St. Luke's Hospital Association in CON #9483, submitted in this batching cycle. The applicant, in another CON application submitted in this batching cycle (CON # 9484), proposes to purchase the existing St. Luke's Hospital physical plant and operate it as a Class I general hospital. St. Luke's states in CON #9483 that it plans to terminate obstetric and NICU services if that CON is awarded. Therefore, the application is contingent on the delicensure of an equal number of Neonatal Intensive Care Level II beds by St. Luke's Hospital Association d/b/a St. Luke's Hospital.

The total project cost is estimated at \$110,865. There are no construction costs and the project will involve 912 gross square feet.

**Need/Special Circumstances:**

No new beds are requested. Rather, St. Vincent's Medical Center seeks to recapture the 10 NICU Level II beds that St. Luke's Hospital Association will delicense voluntarily in its application, CON #9483, for construction of the 214-bed replacement hospital. This action to replace the existing St. Luke's Hospital will leave behind 65 acute care beds in addition to the 10 NICU Level II beds. Since St. Vincent's Medical Center seeks to maintain a hospital at the present Belfort Road Campus, this proposal recaptures the 10 NICU Level II beds so that the existing obstetrical program, which will be terminated if St. Luke's relocates, will remain intact.

Need for the NICU Level II service and the 10-bed unit were demonstrated when the program was awarded to St. Luke's Hospital Association. St. Luke's Hospital initiated the service in August 2001, and has continued to provide services since that time.

**Quality of Care:**

The applicant is JCAHO accredited with commendation and a quality care provider.

**Medicaid/Indigent Care:**

At the second year of operation, St. Vincent's Medical Center commits to 1.9 percent of total NICU Level II patient days to charity care and 29.9 percent of total NICU Level II patient days to Medicaid recipients. On Schedule C, Certificate of Need Predicated On Conditions, St. Vincent's Medical Center has agreed to accept conditions that focus upon access to traditionally underserved persons-Medicaid recipients and charity care cases.

**Financial:**

The project is economically feasible.

**Architectural:**

The components of the 10 NICU Beds "exist presently and are in operation". Therefore, there are no architectural issues with this CON, which essentially transfers the beds from St. Luke's to St. Vincent's.

**G. RECOMMENDATION**

Approve CON #9481 to establish a 10-bed Level II neonatal intensive care unit (NICU) at 4201 Belfort Road in Jacksonville. The total project cost is \$110,865. There are no construction costs and the project will involve 912 gross square feet.

**CONDITIONS:**

- (1) Implementation of this project is contingent upon the approval and award of CON #9483 to St. Luke's Hospital Association.
- (2) Implementation of this project is contingent upon the approval and award of CON #9484 to St. Vincent's Medical Center, Inc.
- (3) A minimum of 1.9 percent of the total NICU Level II patient days shall be provided to charity care.
- (4) A minimum of 29.9 percent of total NICU Level II patient days shall be provided to Medicaid recipients.
- (5) The effectuation of an enforceable capital expenditure of 10 percent or more within 18 months of the issuance of the three linked CONs (9484/9483/9481).
- (6) Provided there is no break in licensure, the building requirements associated with the establishment of a new hospital shall not be imposed by AHCA.

**AUTHORIZATION FOR AGENCY ACTION**

Authorized representatives of the Agency for Health Care Administration adopted the recommendation contained herein and released the State Agency Action Report.

DATE: \_\_\_\_\_

\_\_\_\_\_  
Karen Rivera  
**Health Services and Facilities Consultant Supervisor**  
**Certificate of Need**

\_\_\_\_\_  
Jeffrey N. Gregg  
**Chief, Bureau of Health Facility Regulation**